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Subject: [WQ News] Fracking Is Safe—Except in Wyoming

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Bloomberg Businessweek

Politics & Policy

Fracking Is Safe—Except in Wyoming

By Mark Drajem on September 06, 2012 http://www.businessweek.com/articles/2012-09-06/fracking-is-safe-except-in-wyoming

Louis Meeks, a hay farmer in Pavillion, Wyo., holds a mason jar under a faucet in his house and turns on the water. It's a demonstration he's given to a slew of neighbors and government officials. The water, drawn from his backyard well, is cloudy and smells like diesel. "Would you want to drink it?" he asks.

Photograph by Christopher Wurzbach for Bloomberg BusinessweekLouis Meeks

Meeks blames the bad water on fracking, the process in which thousands of gallons of water are mixed with sand and chemicals and blasted underground to free natural gas.

After sampling and analyzing his water, the U.S. Environmental Protection Agency last December issued a preliminary report citing the Pavillion area as the one—and only—place in the nation where fracking is causing water contamination. Far from thanking Meeks for raising the alarm, his neighbors in the town (population: 231) now say he's responsible for driving real estate buyers and business away. "It was instantaneous, like the spigot was turned off," says Ginny Warren, describing how sales at her restaurant dried up. "I'm stuck with a property that I couldn't give away if I wanted to."

Photograph by Christopher Wurzbach for Bloomberg BusinessweekGinny Warren

Before the real estate bust, fracking was an economic windfall for the area. Encana (ECA), the Canadian company that operates 140 gas wells around Pavillion, pays property owners an average \$1,321 a well each year for access to their land. It's "double what you could get from a crop," says farmer Vince Dolbow. The Eastern Shoshone and Northern Arapaho tribes from the local Wind River Indian Reservation also benefited financially. They own the mineral rights to the land beneath most farmers' property—an arrangement common in Wyoming—and lease it to Encana.

Yet some farmers who are earning income from fracking believe they're getting shortchanged. John Fenton, who collects as much as \$2,000 a year from Encana for each of the 24 wells on his property,

says holders of surface rights like him are powerless to negotiate fair deals because state law allows energy companies to access private property even if its owners object. Drillers "have the right to do what they want," says Fenton.

Photograph by Christopher Wurzbach for Bloomberg BusinessweekJohn Fenton

Meeks says his water was pristine before the first well was drilled in 2000, a claim the EPA's study, which began in 2008, couldn't confirm. Encana bought out Bill Garland, his former next-door neighbor who blamed tainted water for killing his cattle. Meeks says he'd like a buyout, too: "Anybody in their right mind" would want one, he says. Encana denies that it's responsible for the contamination the EPA found. "We didn't put it there," says Doug Hock, a spokesman. "Nature did." Hock and Garland declined to discuss the settlement.

Warren says her family can't sell a ranch it owns because banks won't approve a mortgage for any prospective buyer, even though the ranch is nowhere near gas wells and their water is unaffected. Jon Martin, who has a letter from the EPA certifying his water is safe, says Meeks and others agitating for buyouts have ruined any chance of selling his home and retiring elsewhere. "They're holding everyone hostage," Martin says.

Christopher Wurzbach for Bloomberg Businessweeklt smells like diesel

The dispute is reverberating throughout Wyoming. Thomas Doll resigned this past summer from his job as state oil and gas supervisor after saying at an industry conference, "I really believe greed is driving a lot of this." Before stepping down, Doll was among a group of state officials who successfully lobbied the EPA to retest Pavillion's water, arguing that fracking is perfectly safe. The state isn't a disinterested party. Governor Matt Mead says taxes paid on gas extraction—\$430.4 million last year—are the state's "single largest revenue source."

Residents are now waiting for the EPA's new results, expected this month. In the meantime, the state is offering cisterns to residents who feel their water is unsafe. Meeks estimates that filling one would cost him \$150 a month. He's not buying into the program. "Fix my water," he says, "or make me an offer I can't refuse."

The bottom line: Wyoming, which earned \$430.4 million in 2011 gas extraction taxes, asked the EPA to redo tests after it said fracking tainted water.

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